



SOCIAL (ETHICAL) MONITORING & EVALUATION REPORT

Quarterly Update for Q4 2020/2021

01/04/2021 – 30/06/2021



Western Cape
Government

Agriculture

BETTER TOGETHER.

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INTRODUCTION

The Sustainability Initiative of South Africa, SIZA, provides a platform for agricultural stakeholders to ensure ethical and environmentally sustainable trade. This platform monitors the care for the environment and compliance with labour legislation. With a vision of enabling South African agriculture to be a global leader in ensuring sustainable, ethical trade and environmental stewardship, SIZA aims to encourage continuous improvement in practices over time exceeding the minimum legal requirements.

SIZA was originally established in 2008 by the fruit industry to monitor and sustain ethical and environmental trade within the South African agricultural sector. In April 2016 it became a free-standing independent and self-sustainable organisation governed by an independent Board of Directors who represent the diverse membership and value chain that financially sustain the programme. As a membership-based programme catering for more than 40 different commodities across all nine provinces in South Africa, it is important for SIZA to ensure there is sufficient representation when it comes to the strategic direction and decision making.

This quarterly report provides insight into the various aspects related to the SIZA programme including statistics on the SIZA membership, annual monitoring activities, third-party audit outcomes, and trends related to risk factors. As the SIZA programme drives continuous improvement, this report provides a balanced view of high-risk areas as to allow SIZA and relevant stakeholders to engage and develop further capacity building and remediation strategies to sustain a continuous improvement drive within the agricultural industry in South Africa.

1. SIZA SOCIAL (ETHICAL) AND ENVIRONMENTAL MEMBERSHIP

1.1. SIZA Membership Breakdown

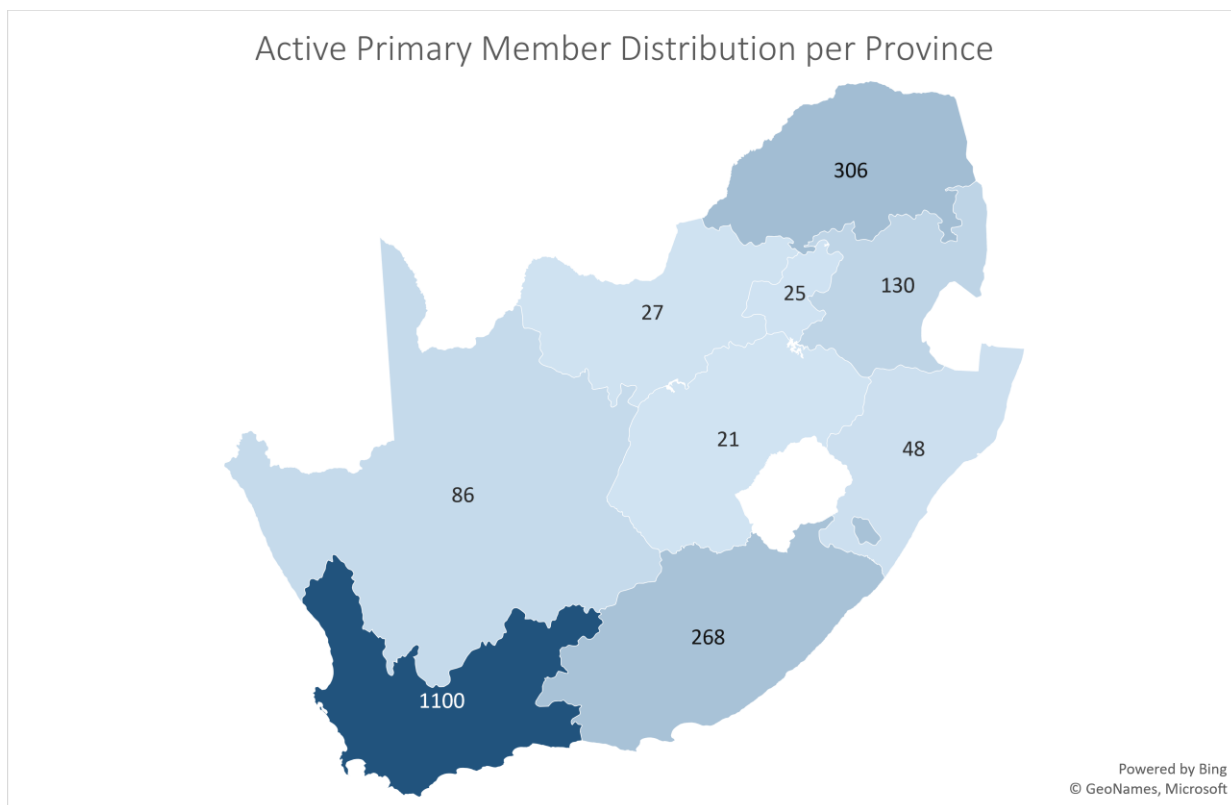
1.1.1. Active Primary Membership

Currently there are 2 223 active profiles registered on the *MySIZA* platform. As one profile can comprise multiple membership registrations (i.e. Social (Ethical) and Environmental) it is important to take the amount of registrations into consideration. Currently there are 2 044 primary members registered for the SIZA Social module, whereas 1 273 primary members are also registered for SIZA Environmental – adding up to a total of **3 317 primary registrations**.



A total of 53 new primary members registered for SIZA Social and 17 new primary members registered for Environmental in this period, leading to a nett increase of 15 members, as 38 members cancelled their profiles during this period due to farms that were sold or the duplication of accounts.

1.1.2. Active primary members per province



With the Western Cape being known for providing production stability to agriculture and being one of South Africa's most important provinces for the export of agricultural products, the Western Cape records the highest SIZA membership across the nine provinces. Currently the Western Cape is home to 1 100 members, followed by the Eastern Cape (268) and Limpopo (306).

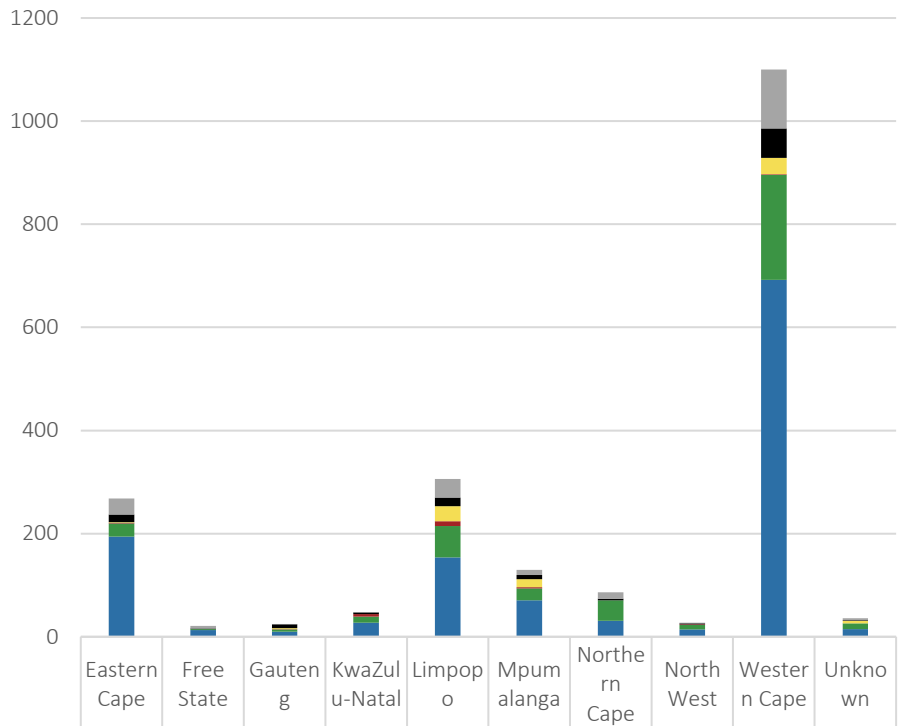
1.1.3. Active primary members by type

SIZA membership is structured into different levels to ensure that different functionalities can be allocated to the different types of membership. Secondary members (Levels 4 – 6) can be linked to primary members (Levels 1 – 3) who supply to them to ensure that buyers have visibility and traceability on the suppliers that supply to them. This also ensures confidentiality and the protection of data.

Definitions as indicated below are the same for the Social (Ethical) and Environmental modules because they are two separate standards/modules.

Level 1a:	Producer
Level 1b:	Producer/packhouse Someone who owns a business that packs or processes his/her own facility and have primary farming activities.
Level 1c:	Smallholders/Emerging Growers A farm that needs to become compliant and has never done an audit and is part of the supporting compliance programme.
Level 1d:	Temporary Employment Services (Labour Brokers) A person or company that provides labourers to client companies on a temporary basis.
Level 2:	Packhouse/processing facility An independent pack house/processing facility that operates independently and packs/process on behalf of primary producers.
Level 3b:	Multisite The multisite principle is applied where the organisation and multiple sites are registered as one legal entity and has one management system that is centrally controlled at a head office base. Your SIZA registration is related to your audit, and it is important to make sure that you are registered under the correct level. The legal entity would need to declare the production units to be included in the audit scope based upon risk factors, including distance from the head office, detail and clarity of information submitted on the SAQ per production unit size of the different production sites, type of commodities produced by the production sites, confirmation of implementation of the centralized quality management system across all production sites by the legal entity.
Level 4a:	Export agent
Level 4b:	Import Agent
Level 5a:	Retailer
Level 5b:	Minor Industry Association Industry representing under 5 000 hectares.
Level 5c:	Major Industry Association Industry representing above 5 000 hectares.
Level 6:	Not-for-Profit organisation An organisation which does not need to be linked to Level 1 member sites. For example, NGO, trade union, or other non-profit entity not requiring visibility of Level 1 member sites.
Level 7a:	Social (Ethical) Audit Firms
Level 7b:	Environmental Audit Firms
Level 8:	Training Service Providers/Consultants/Remedy Programmes Companies who are recognised by SIZA and who need to be visible as recommended programmes to the producers.

Active Primary Members by Type

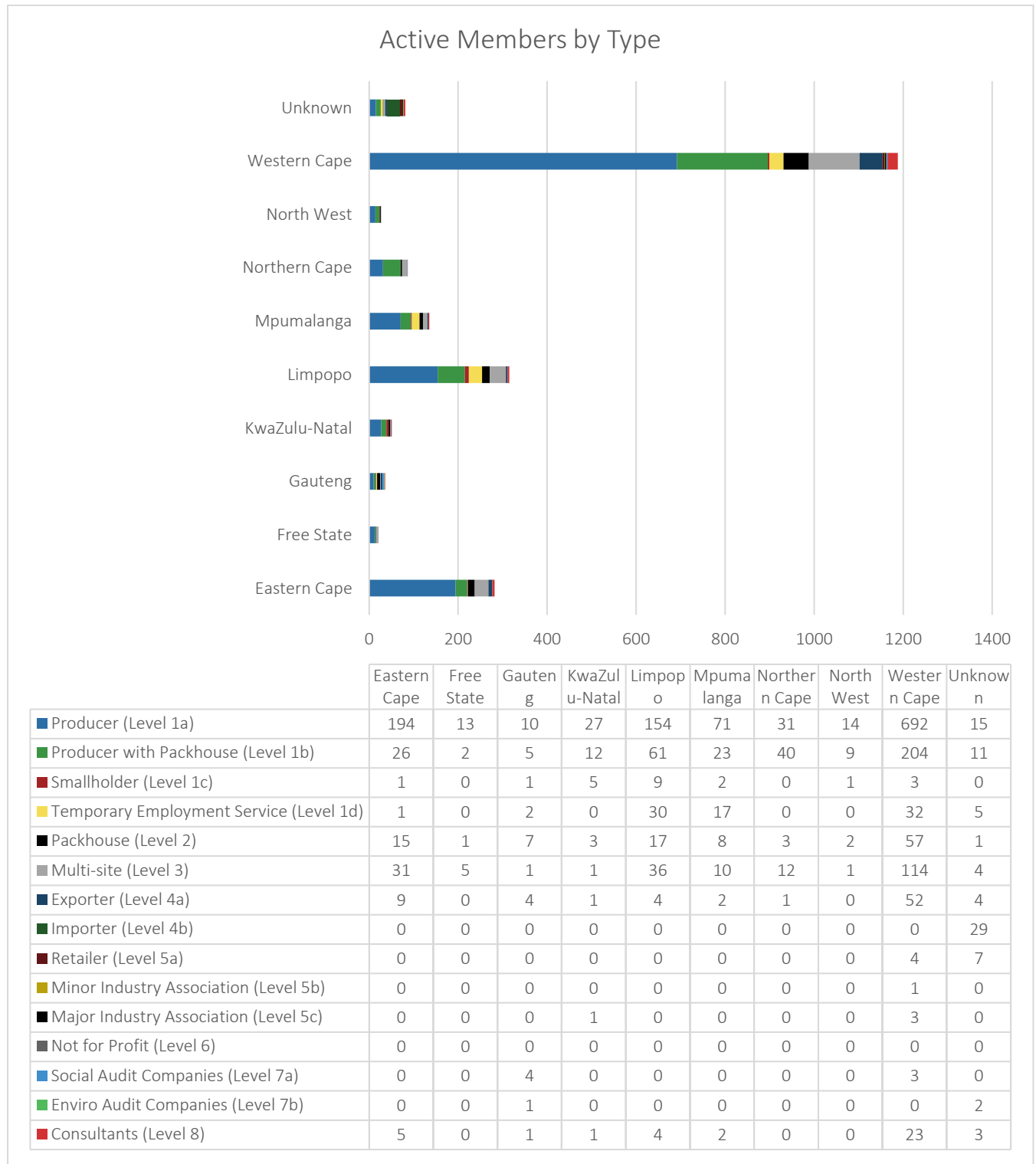


■ Multi-site (Level 3)	31	5	1	1	36	10	12	1	114	4
■ Packhouse (Level 2)	15	1	7	3	17	8	3	2	57	1
■ Temporary Employment Service (Level 1d)	1	0	2	0	29	16	0	0	32	5
■ Smallholder (Level 1c)	1	0	1	5	9	2	0	1	1	0
■ Producer with Packhouse (Level 1b)	26	2	4	12	61	23	40	9	204	11
■ Producer (Level 1a)	194	13	10	27	154	71	31	14	692	15

Level 1a members continue to make up the largest percentage of membership, and currently represents 59,50% of all primary members. Since fruit producers have the biggest representation on the *MySIZA* platform, out of the total registrations for level 1a members, 692 members (56.67%) are based in the Western Cape.

1.1.4. Active members by registration level

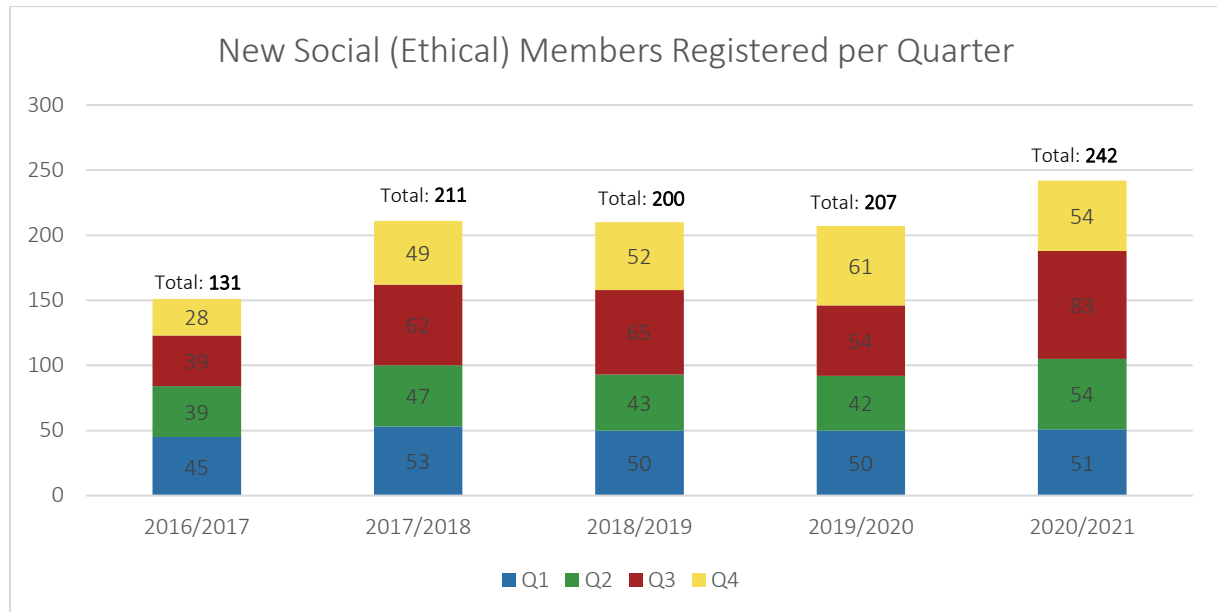
The *MySIZA* platform acts as a risk management tool for both the producer and the buyer, as secondary members (exporters, importers, and retailers) can manage risk within their supply chain by having visibility on the performance of their linked members for both social and/or environmental. Currently there are a total of 122 secondary members, (buyers/retailers, importers, and exporters) and 49 tertiary members (auditors, consultants, and remedy providers) registered on *MySIZA*.



1.2. New Members and Renewals

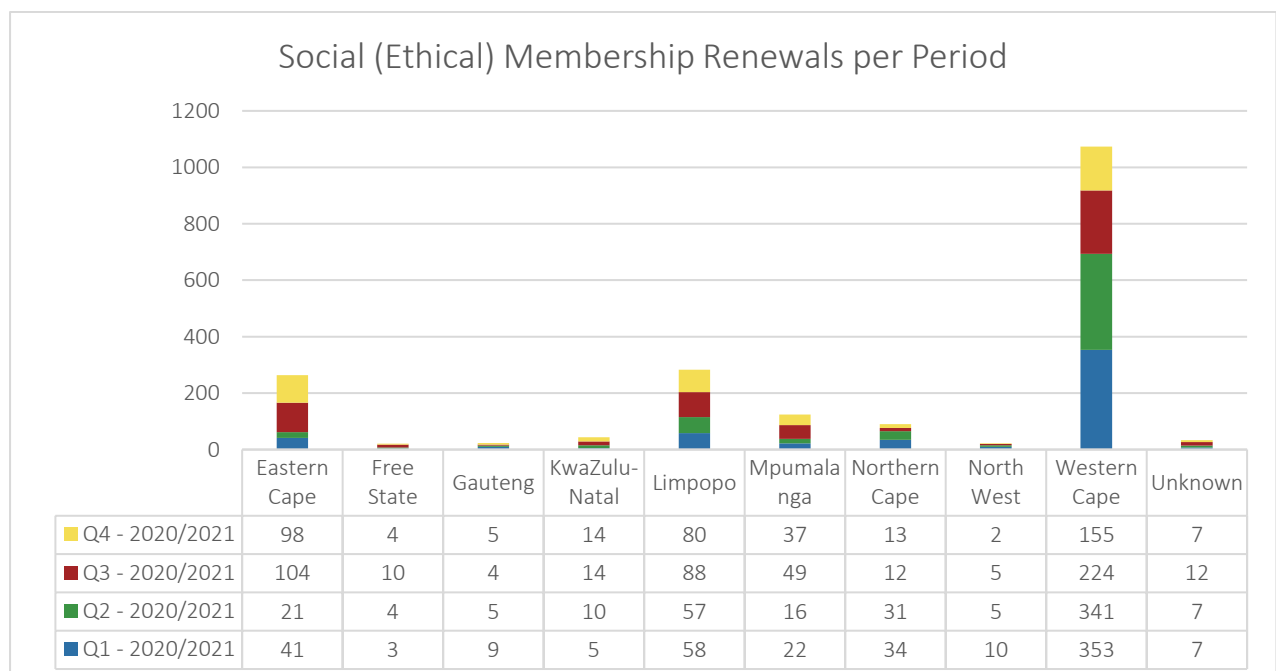
With SIZA being a multi-sector agricultural solution, the ongoing aim is to have all production units within South Africa to be registered for SIZA Social and/or SIZA Environmental as a drive towards being a global leader in ethical trade and environmental sustainability. This section indicates a stable and steady growth in membership since 2016. One of the reasons for this growth can refer to the fact that SIZA expanded its practices to become a multisector, agri-wide compliance programme.

New member registration



Since 2016, a total of 991 new members registered for the SIZA Social module, while 54 new members registered during the current reporting quarter.

1.2.1. Membership renewals



A total of 415 subscriptions that expire in Q4 of 2020/2021 were renewed in this period. 37,35% (155) of these were in the Western Cape.

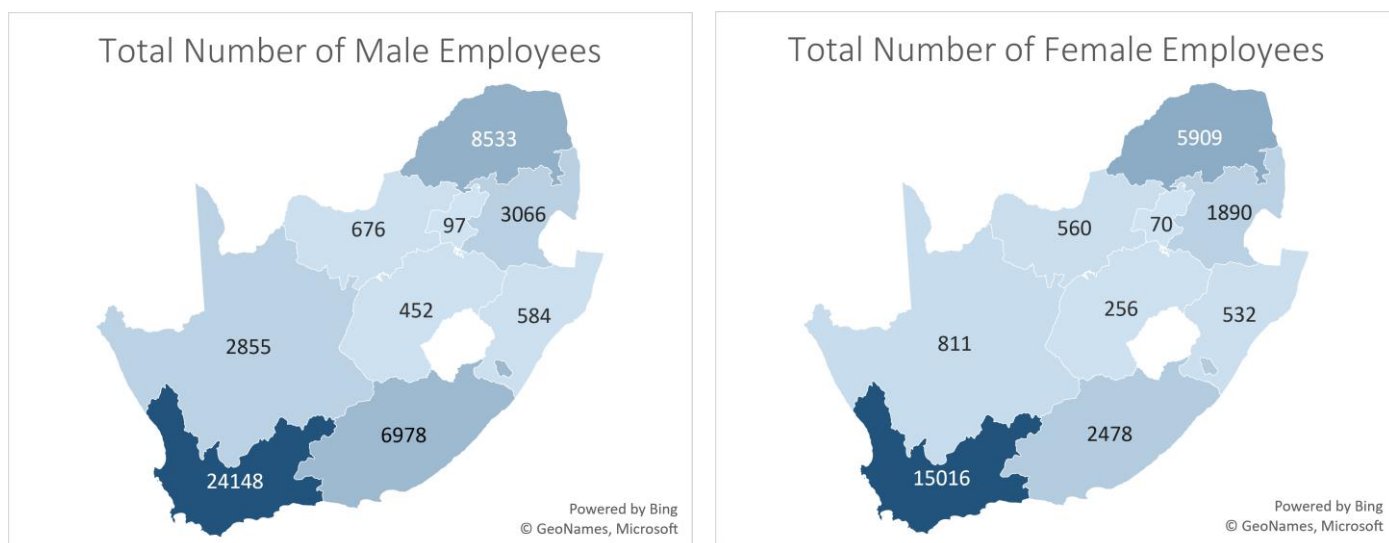
1.3. Membership per Commodity

As SIZA is a multi-sector agricultural solution, the *MySIZA* platform allows for a very detailed breakdown of commodities. SIZA members have contributed to completing the data, and now that *MySIZA* has been live for a full year, all profiles have indicated their commodities as follows:

Commodity	All South Africa		Western Cape	
	Number of commodity represented in SIZA membership	% of total commodities indicated	Number of commodity represented in SIZA membership	% of total commodities indicated
Citrus	529	25,46%	256	18,89%
Pome Fruit	272	13,09%	247	18,23%
Stone Fruit	281	13,52%	267	19,70%
Subtropical	154	7,41%	8	0,59%
Bananas	15	0,72%	0	0,00%
Pineapples	0	0,00%	0	0,00%
Berries	98	4,72%	54	3,99%
Pomegranates	29	1,40%	26	1,92%
Dragon Fruit	2	0,10%	1	0,07%
Persimmons	15	0,72%	15	1,11%
Kiwis	8	0,38%	2	0,15%
Guavas	10	0,48%	4	0,30%
Granadilla	9	0,43%	2	0,15%
Figs	29	1,40%	25	1,85%
Olives	11	0,53%	11	0,81%
Table Grapes	225	10,83%	163	12,03%
Wine Grapes	126	6,06%	122	9,00%
Hops	0	0,00%	0	0,00%
Dried Fruit	14	0,67%	6	0,44%
Canning Fruit	19	0,91%	18	1,33%
Nuts & Seeds	71	3,42%	6	0,44%
Fresh Vegetables	87	4,19%	65	4,80%
Flowers & Ornamentals	10	0,48%	8	0,59%
Tea & Beverages	16	0,77%	16	1,18%
Wool / Mohair	4	0,19%	4	0,30%
Meat	6	0,29%	4	0,30%
Poultry	1	0,05%	1	0,07%
Eggs	2	0,10%	1	0,07%
Dairy Products	1	0,05%	1	0,07%
Grain, Bread & Bakery Products	2	0,10%	5	0,37%
Sugar	4	0,19%	0	0,00%
Marine	0	0,00%	0	0,00%
Seasoning & Preservatives	2	0,10%	2	0,15%
Other	26	1,25%	15	1,11%

1.4. Worker Summary

The following summary represents information relating to agri-workers working on farms that are registered under the SIZA programme. Data is obtained from the SAQs that were completed by the producer and approved over the last 12 months.



When completing the SAQ, primary members are asked to complete their worker types in the following categories:

- Permanent Male and Female (South African or Foreign Nationals)
- Temporary Male and Female (South African or Foreign Nationals)
- Labour Service Provider Male and Female

The table below indicates the worker distribution per province and worker type.

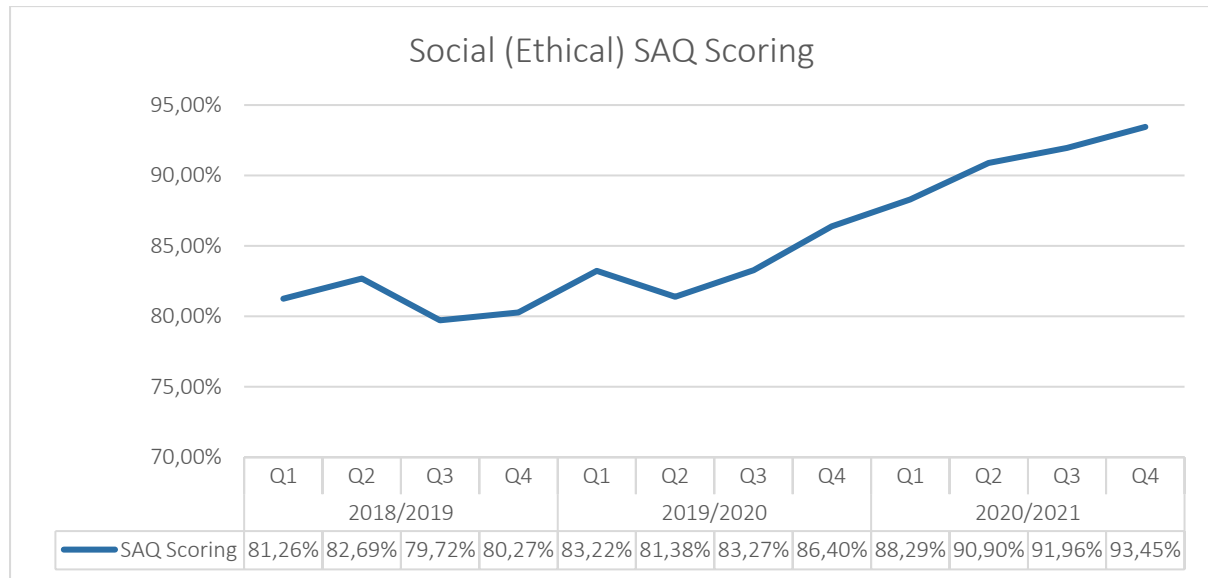
Province	Permanent Male	Permanent Female	Temporary Male	Temporary Female	Labour Service Provider Male	Labour Service Provider Female	Foreign National Male	Foreign National Female	Total Workers per Province
Unknown	823	506	1 321	1 754	5	5	58	15	4 487
Eastern Cape	6 978	2 478	15 492	12 820	275	623	4 767	560	43 993
Free State	452	256	422	1 015	0	0	0	0	2 145
Gauteng	97	70	128	512	0	3	61	69	940
KwaZulu-Natal	584	532	449	855	0	0	15	10	2 445
Limpopo	8 533	5 909	10 079	18 062	831	932	4 269	1 862	50 477
Mpumalanga	3 066	1 890	2 500	3 631	51	29	689	188	12 044
Northern Cape	2 855	811	11 218	9 958	0	0	102	104	25 048
North West	676	560	407	2 992	1	0	354	1 563	6 553
Western Cape	24 148	15 016	33 974	47 730	2 702	3 078	5 177	4 573	136 398
Total Workers per Type	48 212	28 028	75 990	99 329	3 865	4 670	15 492	8 944	284530

The Western Cape accounts for the highest number of employees (47,93%) due to the large number of members that are based in the Western Cape.

2. SELF-ASSESSMENT QUESTIONNAIRE (SAQ)

The purpose of the SAQ is for primary members to have an opportunity for self-evaluation and to benchmark against South African legislation. SAQs are also important for the auditing process, as the auditors use the SAQ information as a benchmark during third-party audits.

SAQs indicate growth and improvement year on year, as the primary members are required to complete their SAQs annually. MySIZA allows for feedback to the member by means of a risk indicator, which scores each answer according to the risk it holds.

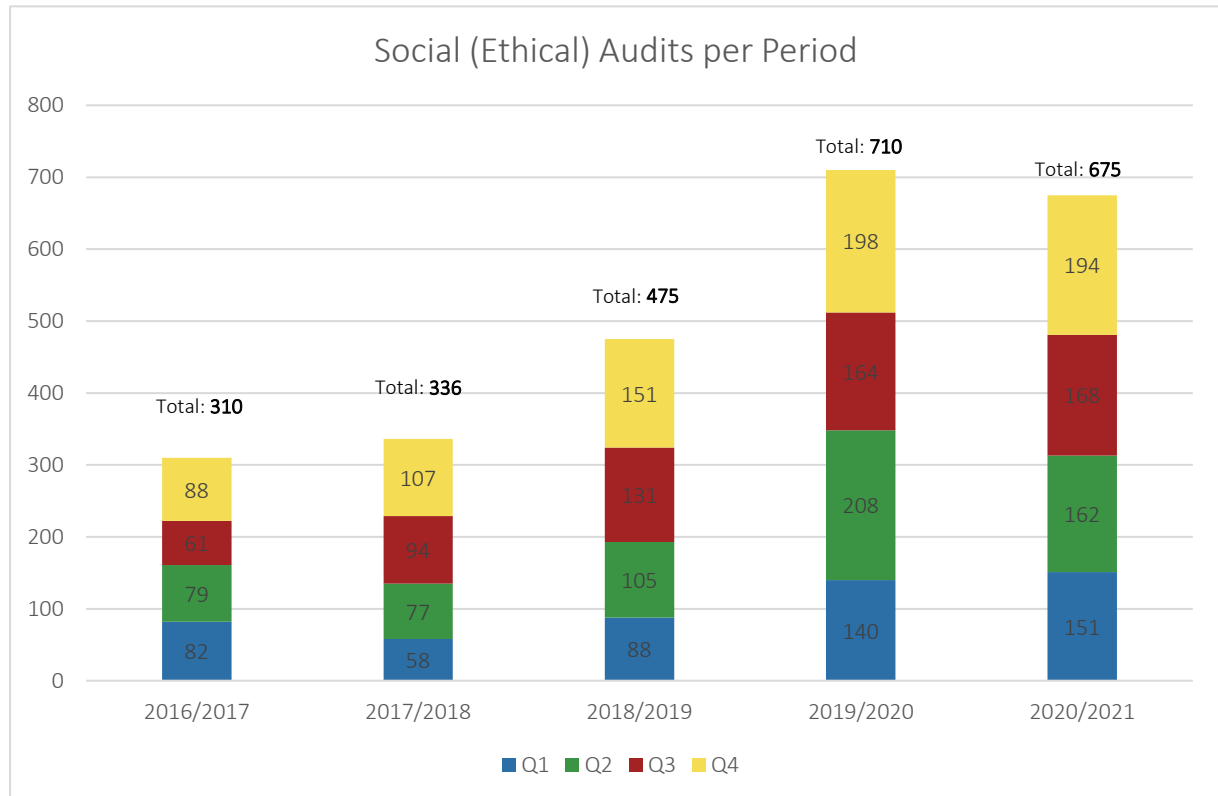


The average score for all Social (Ethical) SAQs approved in Q4 is 93,45%, which is the highest average score to date. The highest score for an approved SAQ in this period is 99,4%. SIZA admin try to only approve SAQs with a risk score above 85% now which is 5% higher than last year. The SIZA admin assist members with low scores to improve their scores every year before approval.

3. SOCIAL (ETHICAL) AUDIT INFORMATION

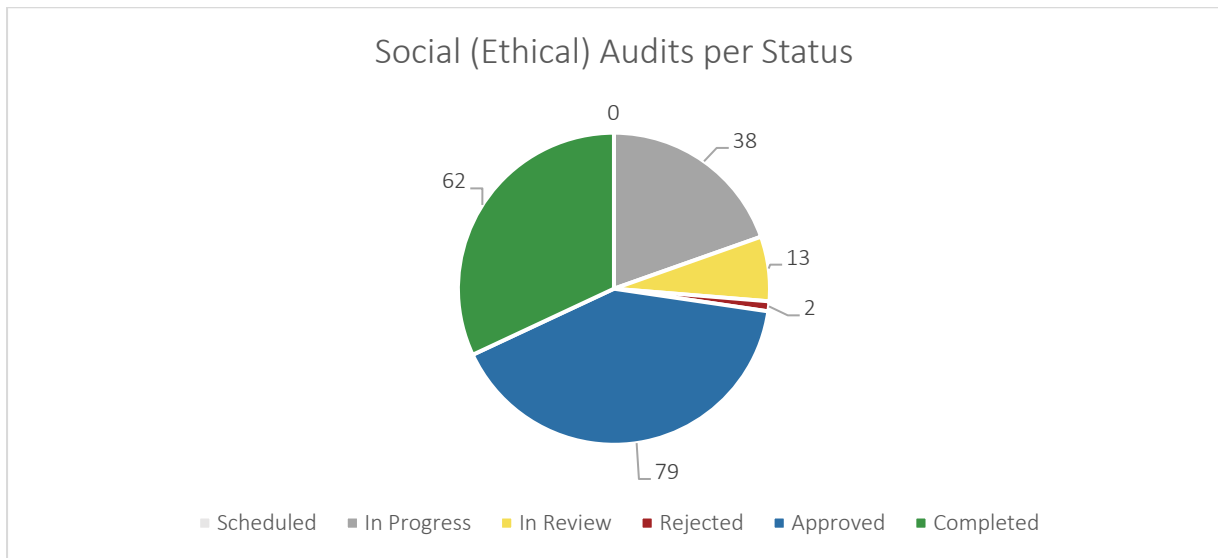
3.1. Social (Ethical) Audits per Period

SIZA adopted a third-party audit approach to allow for a credible and objective process which can be a true reflection of the audit outcome and ethical labour practices in a business. A SIZA Social (Ethical) audit is not a pass or fail exercise, but rather aimed at assisting all people living and working in agriculture to drive ongoing improvement in terms of socially responsible business practices. The purpose of the third-party audit is to evaluate the implementation of labour legislation through the SIZA Social Standard by evaluating and identifying areas within the business that are non-compliant and require corrective- and remedial actions, so that ongoing continuous improvement can take place.



As with the the growth in membership we saw a steady growth over the last 5 years in the amount of ethical (social) audits. Since 2016 a total amount of 2506 ethical (Social) audits were done. Over the past 12 months, between 1 July 2020 and the 30th of June 2021 a total of 675 audits were done, with the most audits (28,74%) were conducted during Q4. This steady growth can be related to the expansion of becoming a multisector standard as well as the change in the SIZA Audit period from 5 years where the Platinum category has become the most stringent qualifying criteria with a 3-year period.

3.2. Audits per Status

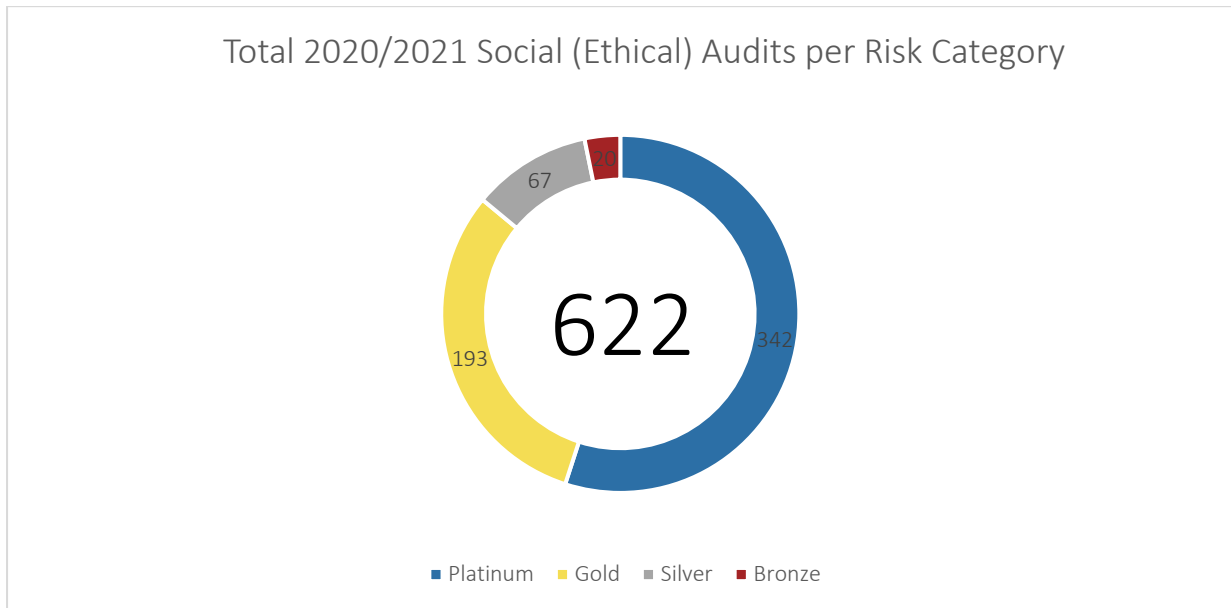


The emphasis in the SIZA programme is on continuous improvement to ensure that we can create better circumstances for all living and working on farms. Therefore, it is important to note that no audit confirmation letter can be issued if all corrective actions are not completed and signed off by the auditor. If audits are not in completed status, it means that the audit process is not completed.

Of the 194 audits that were conducted during Q4, 62 have already been completed, 79 are approved and awaiting corrective actions which must be uploaded by the producer, and the remaining 53 are either in progress or still being reviewed by the audit firms.

3.3. Social (Ethical) Audits per Risk Category

The SIZA Social (Ethical) programme subscribes to being improvement-led rather than audit-led and uses the [SIZA audit frequency matrix](#) to support this position. It creates four categories of risk: Platinum, Gold, Silver, and Bronze where the Platinum category has the most stringent qualifying criteria. A SIZA member will be rated according to these risk categories, based on the number and rating of each finding during their audit. As the business must drive continuous improvement and implement the required practices within their business, they should aim to get fewer findings and a higher rating during their next audit. It is possible that in some instances auditees can get a lower rating due to the expansion of the audit checklist as well as some new requirements that were included over the last couple of years.



Of the audits done during this period, 342 (54,98%) achieved Platinum status, and 193 (31,02%) achieved Gold status.

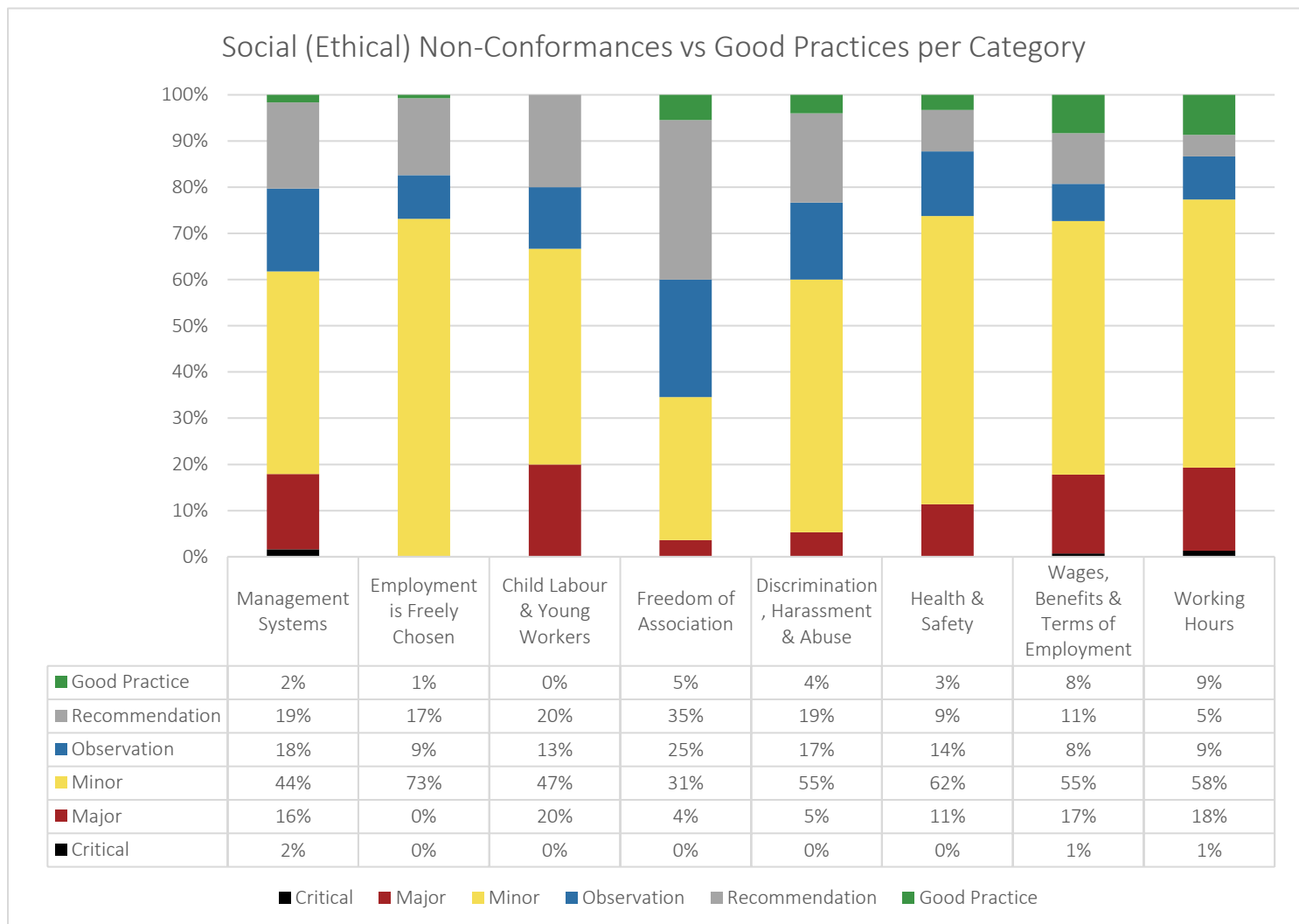
3.4. Non-Conformances

The non-conformances raised during audits are indicative of the risk areas in the industry. Although the total number of non-conformances may increase slightly between periods, this can be explained by the number of audits increasing, as well as increased training among auditors, leading them to be able to identify more areas of non-conformance. SIZA also expanded the audit checklist as well as some new requirements that were included over the last couple of years.

The SIZA programme monitors compliances in the following areas:

- Management systems
- Forced Labour (Employment is Freely Chosen)
- Child Labour
- Freedom of Association
- Discrimination, Harassment, and Abuse
- Health & Safety
- Wages, Benefits, and Terms of Employment
- Working Hours

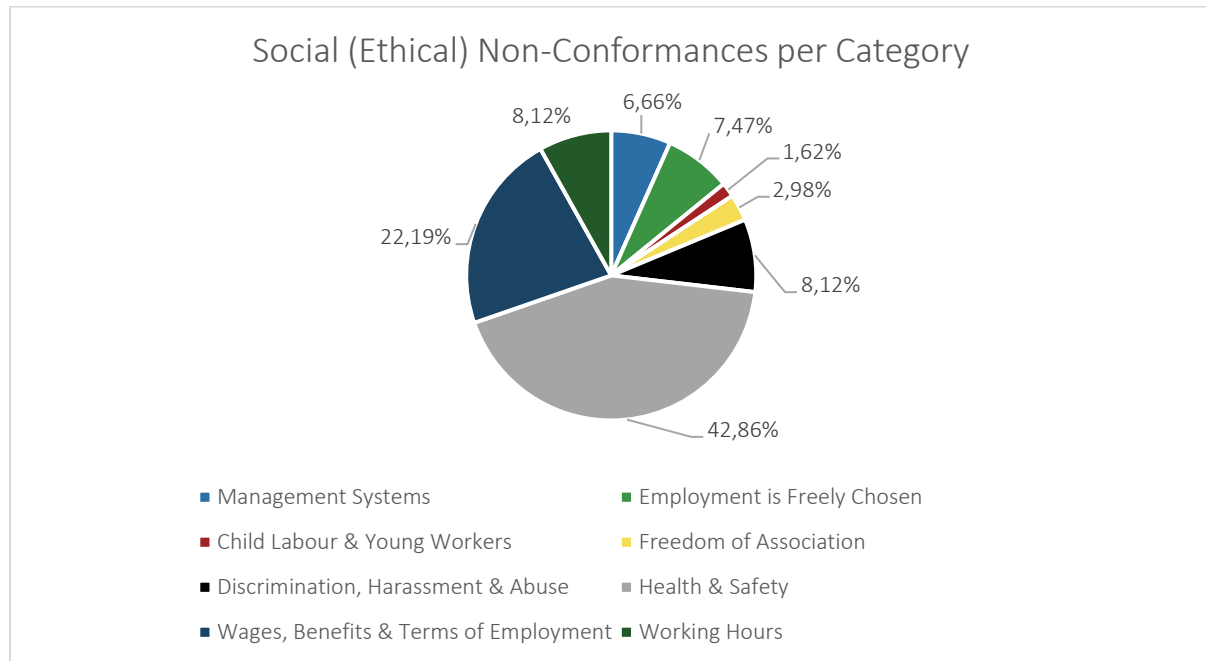
3.4.1. Non-conformances vs good practices per category



During this period, eight Critical findings were raised in the categories Management Systems; Wages, Benefits, and Terms of Employment; and Working Hours. Non-conformances per category

In Q4, most non-conformances (73,16%) fell in three categories, namely:

- Health & Safety (792);
- Wages, Benefits, and Terms of Employment (410); and
- Discrimination, Harassment, and Abuse (150).



As a measurement in looking at the top three areas of non-conformances, the various audit outcomes under the three top categories can be explained as follows:

Health and Safety:

As a high number of non-conformances are raised under this section, it is relevant to mention that this section also covers the most detailed questions and requirement areas during an audit which contributes to the number of non-conformances raised. In general, the largest areas of non-conformances within this section lie with the following themes:

- Unhygienic conditions at communal accommodation facilities and facilities which do not meet minimum requirements.
- Inadequate health and safety risk-assessments conducted.
- Inadequate health and safety signage available in the workplace.

Wages, Benefits & Terms of Employment:

The second largest area of non-conformances lies with wages and contracts of employment. In general, the largest areas of non-conformances within this section lie with the following themes:

- Inadequate contracts of employment provided to employees and payslips which do not contain all the legislatively required information.
- Overtime is not calculated accordingly resulting in employees not being paid according to law.
- Deductions does not meet minimum legal requirements.

Working Hours:

In general, the largest areas of non-conformances in this section lie with the following themes:

- Working hours are not adequately defined by contract of employment.

- Hours of work are not adequately kept on record.
- Overtime exceeds legal limits during peak season.

3.4.2. Risk distribution

The risk of individual producers is categorised by using a scoring matrix which divides risks into categories of Critical, Major, Minor, Observations, Recommendations, and Good Practices. Non-compliances and Observations are classified according to:

- The frequency of the problem and whether the issue is an isolated occurrence.
- The potential severity of the problem.
- The probability of recurrence.
- The management system in place.
- The response of the management

A minor non-compliance is:

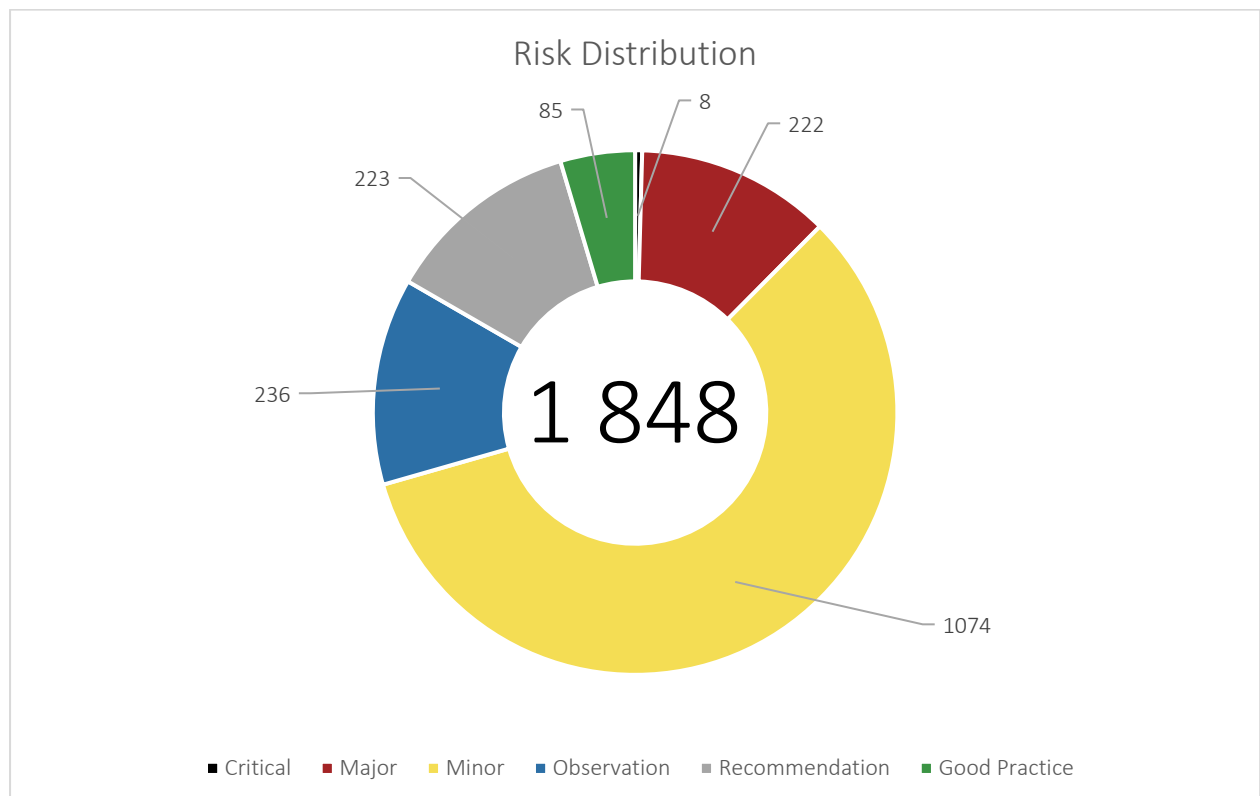
- An occasional or isolated problem.
- An issue which presents a low risk to workers/ those on-site.
- A policy issue or misunderstanding where there is no evidence of a material breach.

A major non-compliance is:

- A breach which represents a danger to workers/those on site.
- A material breach of a code requirement/law.
- A systemic violation of a code requirement/law.

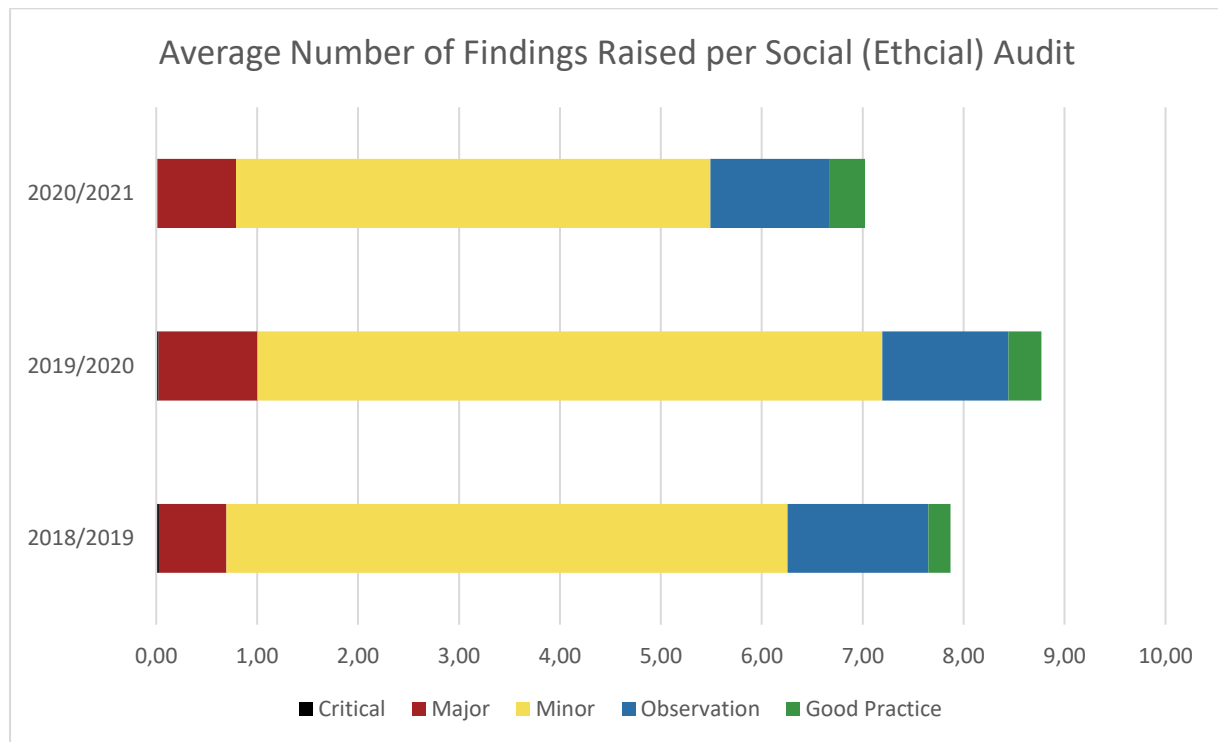
A critical non-compliance is:

- An issue which presents imminent risk to workers' safety/risk to life and limb or constitutes a significant breach of workers' human rights, and/or;
- A major non-compliance that has not been addressed or for which no significant improvement has been made by the time of a follow up audit, despite supplier commitment to resolve the issue.
- An attempt to pervert the course of the audit through fraud, coercion, deception, or interference.



3.4.3. Average number of findings per audit

The graph below indicates the average number of findings that are raised per audit. During the Quarter 4 2020/2021 reporting period, an average of 8,33 findings were raised per audit.



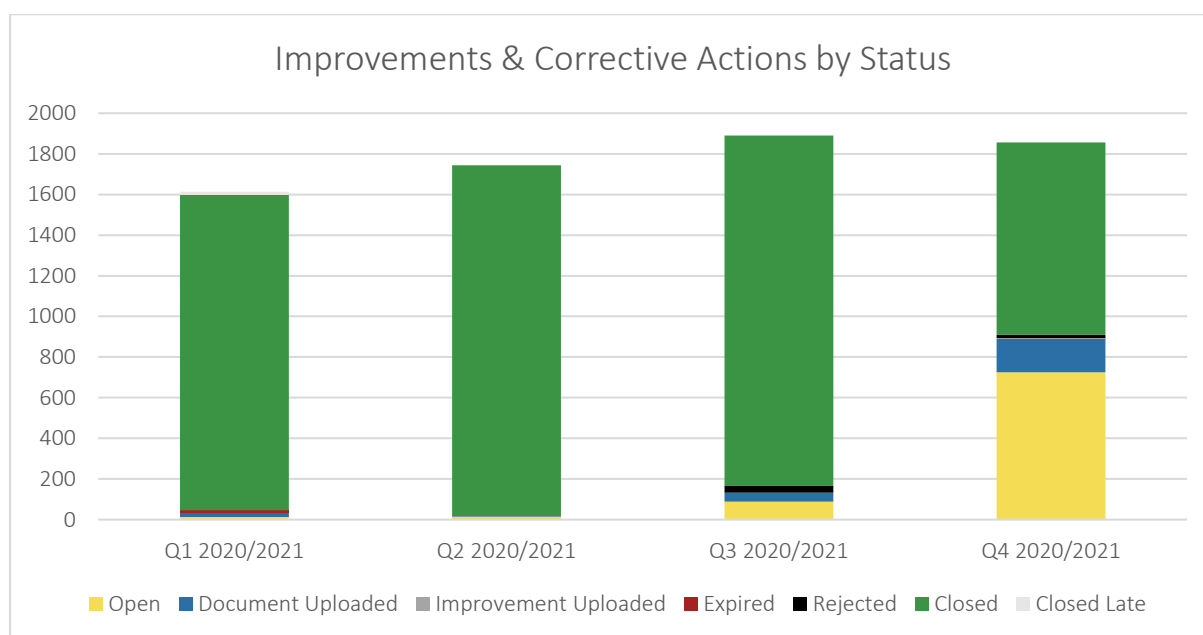
Although the majority of SIZA members received a Platinum risk rating; on average, due to the increased overall number of non-conformances raised on all audits, this results in the average SIZA risk-rating of Gold. This is due to the fact that a member's risk rating will immediately move to Gold if a Major non-conformance is raised or when more than 10 Minor non-conformances were raised. Despite many members receiving a Platinum risk rating, the high number of non-conformances results in the average of a Gold risk rating. The overall risk rating of a SIZA member is calculated on the SIZA Audit Frequency Risk Matrix, available here: <https://siza.co.za/wp-content/uploads/Annexure-2-SIZA-Audit-Frequency-Matrix.pdf>

3.5. Improvements and Corrective Actions

As SIZA is a continuous improvement programme, there is a strong focus on driving improvements on findings during audits. The below graph shows that most findings are closed out timeously during the given timeframes.

Period	Open	Document Uploaded	Improvement Uploaded	Expired	Rejected	Closed	Closed Late
Q1 2020/2021	0,81%	1,36%	0,00%	0,68%	0,00%	96,22%	0,93%
Q2 2020/2021	0,86%	0,17%	0,00%	0,00%	0,00%	98,91%	0,06%
Q3 2020/2021	4,65%	2,33%	0,00%	0,00%	1,74%	91,23%	0,05%
Q4 2020/2021	39,04%	8,94%	0,11%	0,00%	0,92%	51%	0,00%

The graph below indicates how non-conformances are closed out over time. Expired non-conformances will result in a follow-up audit during the 12 months following the audit date, while open non-conformances indicate that the producer still needs to upload corrective action to show improvement.

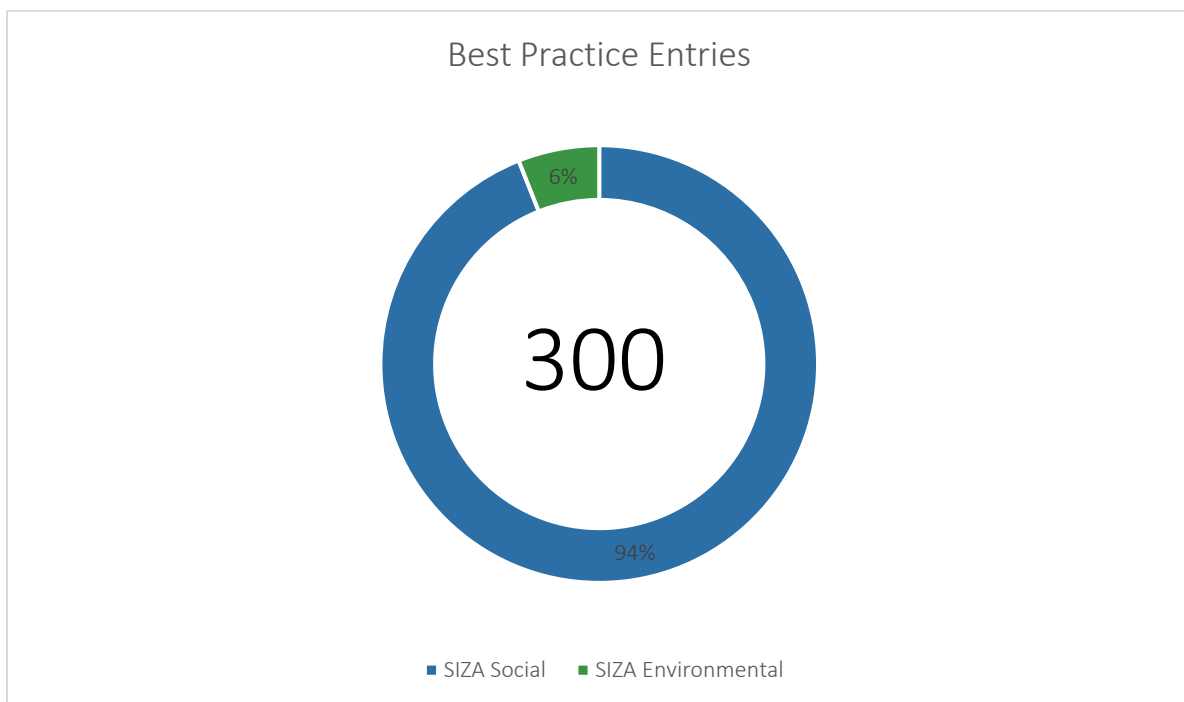


4. BEST PRACTICES IN SIZA SOCIAL (ETHICAL) AND ENVIRONMENTAL

Auditing has been a catalyst for driving sustainable change in the global supply chain for several years. The number of workplace violations were reduced through a principle of driving continuous improvement. Conducting audits on farms, pack houses, processing facilities, and workplaces in general has provided objective measurement to benchmark progress. Yet, auditing is not the only solution. The Best Practice online programme, which was implemented by SIZA in 2018, gives producers the opportunity to showcase areas where they feel they have reached more than compliance, create value, and sustain practices beyond the audit process.

Members can upload details of their best practices on *MySIZA*, after which they are reviewed by SIZA admin. If approved, they will reflect as a Best Practices programme in the producer's member listing on *MySIZA*. It will also, together with other data, be visible to linked members (exporters, importers, and retailers) of choice. With this initiative, we aim to showcase best practices of producers and at the same time try to create a balanced view of ethical assurance practices in agriculture.

To date, 282 Social (Ethical) and 18 Environmental Best Practices have been approved on *MySIZA*.



5. MARKET ACCEPTANCE

SIZA has always positioned itself to be the preferred standard for suppliers from South Africa. It is in line with SIZA vision to avoid audit duplication where possible and to save time and cost, whilst still being able to identify areas of risk in the industry and work towards the goal of continuous improvement.

Market acceptance is therefore one of the key measurable objectives to monitor growth but also to maintain the current acceptance throughout the world.

Currently SIZA provides supplier information when suppliers give SIZA permission to do so. Visibility is provided via four platforms at this stage.

- via the *MySIZA* Data platform
- via the Sedex Data Platform
- via a link on the GLOBALG.A.P. database
- via ITC Map

SIZA's acceptance has also grown in terms of businesses and industries that accept SIZA audits and recognise primary members' ethical and environmental performance against the SIZA standard.

Current acceptance is through:

- Exporters
- Importers
- Retailers
- Manufacturing/Processing Facilities
- Storage/Distribution Facilities
- Wholesalers
- Restaurants

SIZA will continue to monitor the market growth and continuously engage with new markets for further acceptance. Across the four different platforms SIZA is accepted by 290 businesses that operate in 17 different markets. Below is a table showing the number of businesses per country that accept SIZA.

Country	Count
Australia	1
Brazil	1
Chile	1
China	1
Denmark	3
Dominican Republic	1
France	4
Germany	16
Ireland	4
Israel	3
Morocco	1
Netherlands	31
South Africa	91
Spain	3
Switzerland	2
United Kingdom	124
United States	3